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2550 M Street, NW
Washington, DC 20037-1350
202-457-6000

Facsimile 202-457-6315
www.pattonboggs.com

July 8, 2004

Paul C. Besozzi
(202) 457-5292
pbesozzi@pattonboggs.com

FEDEX

K. David Wadell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-8359

Re: **Docket No. 04-00166 - Generic Docket To Examine Tariffs Setting Rates For
Inmate Pay Phone Usage**

Dear Executive Secretary Wadell:

Enclosed for filing are an original and fourteen (14) copies of the "Comments Of
Evercom Systems, Inc." being submitted in the referenced Docket.

An extra copy of the filing is enclosed to be stamped "filed" or "received" and returned
in the enclosed stamped envelope.

Should there be any questions in this matter, please contact the undersigned counsel

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Paul C. Besozzi', written over the typed name.

Enclosures

cc Colleen Dztuban

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY**

IN RE :

**Generic Docket To Examine Tariffs
Setting Rates For Inmate
Pay Phone Usage**

Docket No. 04-00166

COMMENTS OF EVERCOM SYSTEMS, INC.

Evercom Systems, Inc. ("ESI"), acting through counsel and in accordance with the "Notice of Filing Comments and Hearing" issued by the Authority on July 2, 2004 in the captioned Docket, hereby files its Comments regarding the proposed interim inmate pay phone rate cap for local collect calls.

I. BACKGROUND

1. ESI is authorized by the TRA to provide inmate telephone services throughout the State. ESI is currently providing such services at over fifty (50) county and municipal correctional facilities throughout the State. Therefore, ESI has a direct interest in the outcome of the Authority's decisions in this proceeding because its rights and duties could be affected or determined by the Authority's decisions herein.

2. ESI also provides inmate calling services in forty three (43) other jurisdictions. As a result it is familiar with the rate caps imposed on local collect calls throughout almost all of the

United States. Therefore, it is based on such first hand experience that ESI provides these Comments.

II. THE AUTHORITY SHOULD ADJUST THE CURRENT RATE CAP

3. As the Authority no doubts knows, inmate calling services are a specialized form of telecommunications provided in a unique environment. The security requirements imposed by ESI's confinement facility customers require the installation and maintenance of substantially more costly equipment and related capabilities. These capabilities include, for example, specialized call monitoring and fraud detection technologies to ensure that inmates do not abuse or misuse the service. Inmate providers also experience higher than average uncollectibles on their billings. Overall, therefore, it is a significantly more expensive form of payphone service to provide.

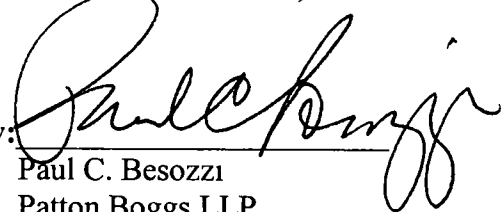
4. Generally, the largest percentage of ESI's calls are local calls. That is because most of ESI's confinement facility customers are county or municipal facilities where inmates are held for a relatively short period of time. So local collect call rate caps affect the largest percentage of ESI's business. However, the preponderance of local calls does not lessen the cost of installing, operating and maintaining the sophisticated equipment mentioned immediately above. Even though the rate caps may vary from state-to-state, the cost to install, operate and maintain such a system in a Tennessee facility does not vary considerably from the cost to install and maintain such a system in any of the other forty-three (43) jurisdictions where ESI currently operates. In fact, these costs have been increasing at a steady pace - particularly since the advent of September 11, 2001. Law enforcement authorities across the nation have been scrutinizing their inmate communications systems in order to address any perceived safety or security issue.

As a result, inmate operators such as ESI must regularly upgrade their equipment and provide technological enhancements to respond to these concerns, adding to the operational costs.

5. Based on ESI's experience nationwide, the current rate cap on inmate local collect calls in Tennessee is, on average, among the lowest in the nation. It has been held at the current level for some time, while the cost to provide the service has continued to increase. Therefore, ESI fully supports the Authority's decision to review what would be an appropriate increase to the current cap. In the interim, ESI supports a rate cap of at least \$1.50, including operator surcharge, for an inmate local collect call. ESI believes that current conditions fully warrant this adjustment, while the Authority further analyzes this issue.

Respectfully Submitted,

EVERCOM SYSTEMS, INC.

By: 

Paul C. Besozzi
Patton Boggs LLP
2550 M Street, N.W.
Washington, DC 20037
Its Attorney

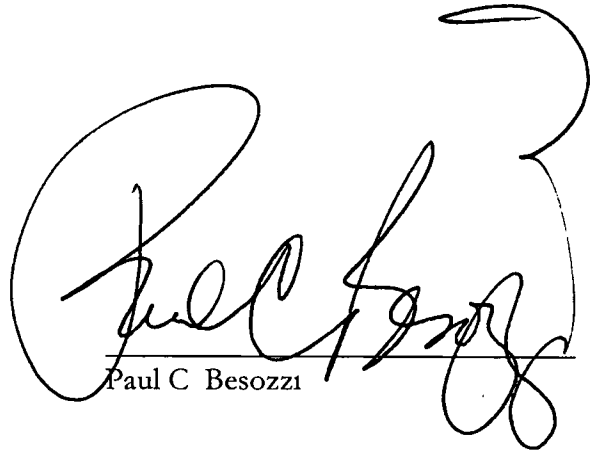
Dated: July 8, 2004

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CERTIFICATE OF SERVICE

I, Paul C. Besozzi, hereby certify that on this 8th day of July 2004, I did cause to be served by U.S. Postal Service first-class mail, postage prepaid, a copy of the forgoing "**Comments Of Evercom Systems, Inc.**" on the following individuals:

1. Henry Walker, Esquire
414 Union Street, Suite 1600
P.O. Box 198062
Nashville, TN 37219
2. ITI Inmate Telephone, Inc.
4200 Industrial Park Drive
Altoona, PA 16602



Paul C. Besozzi